
Evaluation:
Social Services Block Grant,
Child Care and Development
Block Grant, and the
General Relief Program

*Prepared for the Committee on Legislative Research
by the Oversight Division*

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February, 1998

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THE COMMITTEE ON LEGISLATIVE RESEARCH, Oversight Division, is an agency of the Missouri General Assembly as established in Chapter 23 of the Revised Statutes of Missouri. The programs and activities of the State of Missouri cost approximately \$12 billion annually. Each year the General Assembly enacts laws which add to, delete or change these programs. To meet the demands for more responsive and cost effective state government, legislators need to receive information regarding the status of the programs which they have created and the expenditure of funds which they have authorized. The work of the Oversight Division provides the General Assembly with a means to evaluate state agencies and state programs.

THE OVERSIGHT DIVISION conducts its reviews in accordance with government auditing standards set forth by the U.S. General Accounting Office. These standards pertain to professional qualifications of staff, the quality of work performed and the characteristics of professional and useful reports.

THE COMMITTEE ON LEGISLATIVE RESEARCH is a permanent joint committee of the Missouri General Assembly comprised of the chairman of the Senate Appropriations Committee and nine other members of the Senate and the chairman of the House Budget Committee and nine other members of the House of Representatives. The Senate members are appointed by the President Pro Tem of the Senate and the House members are appointed by the Speaker of the House of Representatives. No more than six members from the House and six members from the Senate may be of the same political party.

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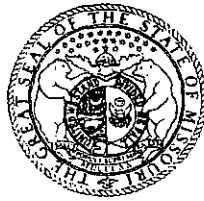
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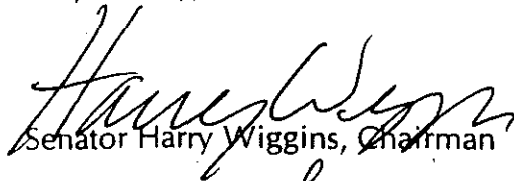
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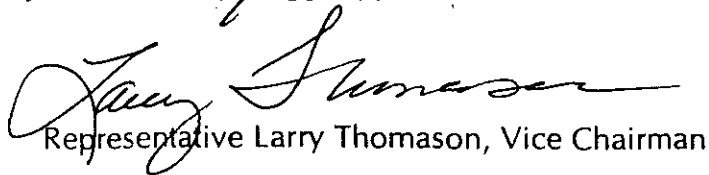
Members of the General Assembly:

As authorized by Chapter 208.325 (20) RSMo, the Joint Committee on Legislative Research adopted a resolution in May, 1997, directing the Oversight Division to perform an evaluation of the Department of Social Services - Social Services Block Grant, the Child Care and Development Block Grant and the General Relief Program which included the examination of records and procedures in the Department of Social Services to determine and evaluate program performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation.

The accompanying report includes Oversight's comments on internal controls, compliance with legal requirements, management practices, program performance and related areas. We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates.

Respectfully,


Senator Harry Wiggins, Chairman


Representative Larry Thomason, Vice Chairman

EXECUTIVE SUMMARY

EVALUATION: SOCIAL SERVICES BLOCK GRANT, CHILD DEVELOPMENT BLOCK GRANT AND GENERAL RELIEF

Summary of Oversight Division's Findings:

The Department of Social Services (DOS) provides assistance to children and their parents, helps the elderly with in-home services and institutional services, aids troubled youth, and furnishes health care for the poor. While many of the programs provide financial assistance, other areas work to help those in need reach their maximum potential and reduce welfare dependency. Chapter 208.325 (20) RSMo, requires the Oversight Division to conduct an evaluation of the Social Services Block Grant, Child Care and Development Block Grant, and General Relief Program once every three years. Divisions within DOS that received funding from these grants and funds include the Division of Aging, the Division of Family Services, and the Division of Youth Services. The Department of Health also receives funding from the Child Care and Development Block Grant.

Is the Department of Social Services administering the General Relief Program in accordance with state statutes and legislative intent? The Division of Family Services administers the General Relief Program, which is a state-funded program providing temporary assistance to needy and medically unemployable adults who cannot qualify under any other cash assistance program. However, it appears that the program has not been used as a temporary assistance program as many clients appeared on the rolls month after month, year after year. Cases were not reinvestigated for eligibility annually as required by regulation. As a result, some of those receiving cash benefits may not have been entitled to them.

Has the Department of Social Services administered the General Relief Program efficiently and effectively? Administrative costs related to the General Relief Program appear excessive when compared to another state and other Department of Social Services programs. The State of Kansas, with similar program costs in their General Assistance Program, spends approximately 16% on administration. Other Missouri social services programs average between 10% and 15% for administrative costs. Yet, the Missouri General Relief Program expends 24% to 30% annually for administration. Oversight recommends DOS take steps to reduce administrative costs for this program.

Have Child Care and Development Block Grant Funds been effectively administered?


Documentation in case files for child care development grant recipients was not adequate in all cases reviewed. Oversight requested sixty case files to review of which twenty-two could not be located by DOS. The files were apparently lost or misplaced. Documentation concerning payment authorization or eligibility of recipients was not included in some of the files reviewed.

Has the Department properly evaluated new programs such as the self-sufficiency and JOBS programs? The DOS did not follow statutory guidance in awarding a contract for an evaluation report of the self-sufficiency and JOBS programs. Section 208.325 (20), RSMo, requires the DOS to competitively select an independent contractor to evaluate the Missouri Families Mutual Responsibility Demonstration Project and the JOBS program. The contract for the evaluation was not competitively awarded. The evaluation report was not delivered by the statutory deadline of September 1, 1997, did not contain required recommendations and exceeded the original cost estimate by 340%. To date, the report which was contracted to and prepared by the University of Missouri, has cost the state \$439,000. It consists mostly of the results of questionnaires submitted to small groups of caseworkers and welfare recipients requesting their opinions of welfare reform. Oversight recommends the House and Senate Appropriations Committees review this expenditure in light of the benefit to the state.

The annual Post Expenditure Report prepared by the Department of Social Services does not include all information as required by the Federal Code of Regulations. Among the information not included is the total amount of federal, state and local funds spent in providing each service, the average amount spent per child and adult recipient for each service, the method(s) by which each service is provided (public vs. private agencies), and the criteria applied in determining eligibility for each service. This information might be helpful not only to the U.S. Department of Health and Human Services, but also to the Missouri Legislature.

It should be noted that in many areas the DOS has been effectively and efficiently carrying out their duties in the administration of the state's social services programs during a time when federal and state laws and regulations have been in an environment of change. Proper evaluation of new programs and proper reporting of existing programs are necessary particularly following legislative or regulatory changes.

This evaluation report includes detailed findings and recommendations for legislative consideration or departmental changes in management practices. The Department of Social Services' and Department of Health's official responses to the findings and recommendations are incorporated into the report. Our evaluation was performed in accordance with generally accepted government auditing standards as they relate to program and performance audits. We did not examine departmental financial statements and do not express an opinion on them. We acknowledge the assistance and cooperation of departmental staff in the evaluation process.


Jeanne A. Jarrett, CPA, CGFM
Director, Oversight Division

Introduction

The Joint Committee on Legislative Research directed the Oversight Division to conduct an evaluation of the Department of Social Services (DOS) - Social Services Block Grant, the Child Care and Development Block Grant and the General Relief Program to evaluate program performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation. The evaluation had three major components: to determine and evaluate whether DOS is effectively providing assistance to eligible individuals for aging services, youth services, and family services, to determine if DOS is effectively providing assistance to eligible individuals for child care services, and to determine if the state-funded General Relief Program is providing financial incentives in an effective and efficient manner to eligible individuals.

Background

The Department of Social Services (DOS) provides assistance to children and their parents, helps the elderly with in-home services and institutional services, aids troubled youth and furnishes health care for the poor. While many of the programs provide financial assistance, other areas work to help those in need reach their maximum potential and reduce welfare dependency. Divisions within DOS that receive funding from the Social Services Block Grant (SSBG), the Child Care and Development Block Grant (CCDBG), and the General Relief Program include the Division of Aging (DOA), the Division of Family Services (DFS), and the Division of Youth Services (DYS).

Division of Aging

While residence in a nursing home is a necessary for some of Missouri's senior citizens, most can remain in their own home with the assistance of various support services. The Division of Aging's Missouri Care Options program is a comprehensive and coordinated approach to support people in their homes and communities and community-based care designed to delay institutionalization. The primary funding sources for alternative services are General Revenue, Social Services Block Grant, Title XIX (Medicaid), and the

Older Americans Act of 1965. These sources provide the funds with which services are made available to Missouri's elderly and disabled population. DOA maintains a network of social service workers who serve each of Missouri's 114 counties and the City of St. Louis. A sophisticated case management system secures and coordinates those services which most adequately address the needs of the client. This is accomplished through assessment, service plan development, service authorization, and follow-up. Services are available to persons 60 years of age or older and disabled persons between 18 and 59. General Revenue and Social Services Block Grant services provide in-home personal and advanced personal care, homemaker/chore, counseling, information and referral, transportation, and congregate and home-delivered meals.

Division of Family Services

The division is responsible for the administration of these programs and services: aid to families with dependent children (AFDC); FUTURES; children's services (adoption, child abuse/neglect, foster care, preventive services, residential treatment, family-centered services, family preservation, interstate placement of children, independent living and others); commodities distribution; food stamps; general relief, low income home energy assistance; refugee assistance; rehabilitation services to the blind and visually impaired; medical assistance; and supplemental nursing care. The determination of an individual's financial need is basic to the granting of AFDC, blind pension, general relief, supplemental aid to the blind, medical assistance, nursing care benefits, and Medicaid for pregnant women and infants. The division has a legal requirement to consider all facts and circumstances in determining eligibility for public assistance, including the applicants' earning capacity, income and resources from whatever source received. The amount of benefits, when added to all other income, resources, support and maintenance, shall provide such person with reasonable subsistence. If the applicant is not found to be in need, assistance is denied.

General Relief Program

Section 208.015, RSMo 1996, authorizes the DOS - Division of Family Services (DFS) to administer the General Relief Program. The General Relief Program is a state-funded program which provides temporary assistance to needy and medically unemployable adults who cannot qualify under any other cash assistance program. These cash assistance programs include Temporary Assistance to Needy Families (TANF), formerly Aid to Families

with Dependent Children (AFDC), Supplemental Security Income (SSI), aid to the blind, blind pension, and supplemental aid to the blind. The purpose of the program is to provide clients with reasonable subsistence compatible with standard decency and health guidelines. The duration of assistance can be ongoing for unemployable low income persons not eligible for federal programs, primarily disabled persons not eligible for social security. Restricted medical assistance is provided to General Relief recipients.

Claimant's over the age of twenty-one and who are patients in a licensed boarding home, domiciliary, practical or professional nursing home, and are not medically certified for an intermediate care facility or skilled nursing facility, may receive a payment dependent upon the type of home. Eligible claimant's between the ages of eighteen to twenty , who live in boarding homes, may receive up to the \$80 monthly maximum. Although Section 208.015, RSMo 1996, allows a \$100 per month grant, each eligible person may receive a cash grant up to \$80 per month.

The program provided services to 5,458 individuals in FY 95, 4,733 in FY 96, and 3,822 in FY 97. As of August 31, 1997, there were 5,397 individuals receiving general relief benefits. Direct program expenditures were \$5,303,258 in FY 95, \$5,602,074 in FY 96, and \$5,064,441 in FY 97. Since this is a state program, no federal matching funds are available.

General Relief clients's must meet certain eligibility guidelines. These guidelines include:

is a resident of the state;

is in need of assistance because there is insufficient income to meet basic needs;

is unable to work because of physical or mental incapacity, which is expected to last ninety days or longer, as certified by a medical doctor;

does not have cash and securities of \$1,000 or more if single or more than \$2,000 if married and living together. If two or more persons living together who are not husband and wife, the group may own up to \$2,000;

is not a resident of a public institution, unless it is a public medical institution; and

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Department of Social Services

is willing to accept available medical care, vocational training or services to enable him or her to return to full- or part-time employment.

DFS is required by 13 CSR 40-2.020 to reinvestigate each case at least once annually to determine if the clients continue to meet the above requirements.

DFS estimates the 99% of the General Relief cases are single adults. DOS - Division of Research and Evaluation reported 3,370 General Relief cases for the month of June, 1997.

Division of Youth Services

Youth judged to be delinquent and in need of rehabilitation and education are committed to the division by the state's juvenile (circuit) courts for an indeterminate period, until approved for return to the community under supervision or discharged. The age limit for commitment of juveniles to the division is 12 through 16 years. The division provides a cross-section of services, including institutional care, community-based services, non-residential services, and after-care supervision. Chapter 219, RSMo outlines the division's responsibilities to include prevention of delinquency, incentive subsidy to juvenile courts, consultative and information services to non-DYS agencies upon request and technical assistance to local communities. Commitments to the custody of the Division of Youth Services were 1,301 in FY 95, 1,291 in FY 96, and 1,300 in FY 97. Appropriations were \$4,421,314 for each of the fiscal years.

Joint Committee on Legislative Research
Oversight Division
Program Evaluation: CCDBG, SSBG, General Relief

Statistical Analysis: Child Care and Development Block Grant

	<u>Year Ended June 30,</u>		
	<u>1995</u>	<u>1996</u>	<u>1997</u>
Appropriations*			
Expenditures Detail:**			
Department of Social Serv:			
Program Specific	\$11,708,266	9,180,286	15,091,495
Administration***	1,730,138	933,326	1,596,987
Department of Health:****			
Program Specific	3,967,444	4,917,609	4,920,179
Discretionary	0	337,411	209,686
Total Expenditures	<u>\$17,405,848</u>	<u>15,368,632</u>	<u>21,818,347</u>
Statewide Day Care			
Appropriations:			
General Revenue Fund	\$19,012,000	19,686,315	22,300,000
Federal Funds	<u>38,500,000</u>	<u>37,508,048</u>	<u>45,300,000</u>
Totals	<u>\$57,512,000</u>	<u>57,194,363</u>	<u>67,600,000</u>
Expenditures:			
General Revenue Fund	\$19,011,401	19,749,397	22,296,495
Federal Funds	<u>36,689,642</u>	<u>34,969,466</u>	<u>45,297,432</u>
Totals	<u>\$55,701,043</u>	<u>54,718,863</u>	<u>67,593,927</u>
Lapsed Balances:			
General Revenue	\$ 599	(63,082)	3,505
Federal Funds	<u>1,810,358</u>	<u>2,538,582</u>	<u>2,568</u>
Totals	<u>\$1,810,957</u>	<u>2,475,500</u>	<u>6,073</u>

* The CCDBG program is not specifically appropriated in FY 96 or FY 97.

** These expenditures represent the total costs charged to the federal government and included indirect costs.

*** Administrative costs are not specifically appropriated. The amounts shown represent calculated costs for administering the program.

**** The Department of Health is allocated 25% of the grant award.

Joint Committee on Legislative Research
Oversight Division
Program Evaluation: CCDBG, SSBG, General Relief

Statistical Analysis: Social Services Block Grant

	<u>Year Ended June 30,</u>		
	<u>1995</u>	<u>1996</u>	<u>1997</u>
Appropriations:*			
Expenditures:			
General Revenue Fund**	\$11,840,480	13,702,841	
Federal Funds (SSBG)	<u>56,750,896</u>	<u>56,550,402</u>	<u>43,470,953</u>
Total Expenditures	<u>\$68,591,376</u>	<u>70,253,243</u>	<u>43,470,953</u>

Expenditures Detail:***			
Division of Youth Services	N/A	N/A	N/A
Division of Aging:	\$21,756,509	22,517,306	N/A
Division of Family Serv.:	43,852,797	44,266,096	N/A
Administration:****	<u>2,982,070</u>	<u>3,469,841</u>	<u>N/A</u>
Total Expenditures	<u>\$68,591,376</u>	<u>70,253,243</u>	<u>N/A</u>

Assistance Provided:

	<u>No. Served</u>	<u>No. Served</u>	<u>No. Served</u>
<u>Division of Youth Services</u>			
Residential Programs	1,613	1,671	1,611
Case Management	2,677	2,746	2,861
Foster Care	283	50	61
Day Treatment	46	627	856
Intensive Supervision	330	1,000	1,044
Community Care	<u>N/A</u>	<u>N/A</u>	<u>324</u>
Totals	<u>4,949</u>	<u>6,094</u>	<u>6,757</u>

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Department of Social Services

Division of Aging *****

Investigate Abuse/Neglect	12,110	12,681	N/A
In-home Services	9,300	9,175	N/A
Counseling	150	0	N/A
Transportation		4,181	3,903
Congregate Meals	2,661	2,029	N/A
Home Delivered Meals	<u>803</u>	<u>219</u>	<u>N/A</u>
Totals	<u>29,205</u>	<u>28,007</u>	<u>N/A</u>

Division of Family Services *****

Protective Services	17,291	14,142	N/A
Children's Treatment		<u>3,263</u>	<u>3,293</u>
Totals	<u>20,554</u>	<u>17,435</u>	<u>N/A</u>

* Since the Social services Block Grant is not specifically appropriated, information regarding appropriations and lapsed balances is not be available.

** The DFS spends more on the Social Services Block Grant Program than they receive in federal funding.

*** Although the DOS does not identify expenditures from the Division of Youth Services, the DYS receives approximately \$4,400,000 each year from the SSBG program.

**** Administrative costs are not specifically appropriated. The amounts shown represent calculated costs for administering the program.

*****The numbers served for Transportation, Congregate and Home Delivered meals are on a federal fiscal year basis.

*****Number served is on federal fiscal year basis.

N/A Not available

Joint Committee on Legislative Research
Oversight Division
Program Evaluation: CCDBG, SSBG, General Relief

Statistical Analysis: General Relief Program

	<u>Year Ended June 30,</u>		
	<u>1995</u>	<u>1996</u>	<u>1997</u>
Appropriations:			
General Revenue Fund	\$6,780,000	6,530,000	5,780,000
Federal Funds *	<u>740,000</u>	<u>740,000</u>	<u>740,000</u>
Total Appropriations	<u>\$7,520,000</u>	<u>7,270,000</u>	<u>6,520,000</u>
Expenditures:			
General Revenue Fund	\$6,303,258	5,602,074	5,046,297
Federal Funds	<u>740,000</u>	<u>740,000</u>	<u>737,285</u>
Total Expenditures	<u>\$7,043,258</u>	<u>6,342,074</u>	<u>5,783,582</u>
Lapsed Balances:			
General Revenue Fund	\$476,742	927,926	733,703
Federal Funds	<u>0</u>	<u>0</u>	<u>2,715</u>
Total Lapsed Balances	<u>\$476,742</u>	<u>927,926</u>	<u>736,418</u>
Total Program Costs:			
Program Specific	\$7,043,258	6,342,074	5,783,582
Administration Cost **	<u>2,655,645</u>	<u>2,048,659</u>	<u>1,978,761</u>
Total Program Costs	<u>\$9,698,903</u>	<u>8,390,733</u>	<u>7,762,343</u>
Unduplicated number of clients served	<u>9,986</u>	<u>8,803</u>	<u>7,567</u>
Average number of cases per year	<u>5,405</u>	<u>4,707</u>	<u>4,132</u>
Administration as a Percentage of Total Expenditures	<u>27%</u>	<u>24%</u>	<u>25%</u>

* Federal Funds represent SSI payments that are received and disbursed on behalf of the clients. The General Relief program is entirely state funded.

** Administrative costs are not specifically appropriated. The amounts shown represent calculated costs for administering the program.

Objectives

The evaluation had three primary objectives: to determine and evaluate whether DOS is effectively providing assistance to eligible individuals for aging services, youth services, and family services, to determine if DOS is effectively providing assistance to eligible individuals for child care services, and to determine if the state-funded General Relief Program is providing financial incentives in an effective and efficient manner to eligible individuals.

Scope

The scope of the evaluation concentrated on the effectiveness and efficiency of the Department of Social Services for the time period of July 1, 1994 through June 30, 1997. The main areas considered in the evaluation were: to determine and evaluate whether DOS is effectively providing assistance to eligible individuals for aging services, youth services, and family services; to determine if DOS is effectively providing assistance to eligible individuals for child care services; and to determine if the state-funded General Relief Program is providing financial incentives in an effective and efficient manner to eligible individuals.

Methodology

The Oversight Division conducted the evaluation in accordance with Government Auditing Standards issued by the Comptroller General of the United States as those standards relate to performance audits. The methodology used by the Oversight Division included tests of samples of transactions and evaluations of management controls to the extent necessary to fulfill audit objectives. A primary method used to measure objectives was conducting personal interviews with agency personnel. Additionally, the staff performed on-site testing of controls and procedures. DOS and local Division of Family Services also provided documentation as requested.

Findings

Recommendations

Agency Responses

Section 208.015, RSMo 1996, authorizes the DOS - Division of Family Services (DFS) to administer the General Relief Program. The General Relief Program is a state-funded program which provides temporary assistance to needy and medically unemployable adults who cannot qualify under any other cash assistance program. The purpose of the program is to provide clients with reasonable subsistence compatible with standard decency and health guidelines. Individuals eligible for General Relief benefits are also eligible for some state-funded medical care benefits. Eligible claimant's may receive up to the \$80 monthly maximum. Although Section 208.015, RSMo 1996, allows a \$100 per month grant, each eligible person may receive a cash grant up to \$80 per month.

FINDING#1:	General Relief cases were not reinvestigated annually as required by the Code of State Regulations.
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Twenty-seven of forty-three (63 percent) case files Oversight tested were not properly reinvestigated each year as required by 13 CSR 40-2.020. Oversight noted two cases that had not been reinvestigated since 1992 and two cases that had not been reinvestigated since 1993. The Department of Social Services (DOS) - Division of Family Services' (DFS) policy also requires the caseworker to perform reinvestigations more often than yearly if the caseworker believes the case requires more frequent reviews.

Noted below are several cases that may have been corrected earlier if proper reinvestigations had been performed:

- We noted one client that claimed no other income, other than the \$80 General Relief grant, who also paid \$260 a month in rent and \$100 a month in utility expenses. We could not determine how the client could pay these expenses on \$80 a month.
- We noted one case where the client was incarcerated in a county jail on June 2, 1997, and was later incarcerated in a state prison on September 11, 1997, and the case was not closed until we informed the county director of the situation. Public assistance clients are not

eligible to receive benefits if they are residing in a public institution as required by Section 208.010.2(7). Although the client's checks were not negotiated, the DFS could have paid state funded benefits to an incarcerated individual or the benefits could have been misappropriated.

We informed the county director of this situation and the director responded that the caseworker failed to take action on both occasions when the client was incarcerated even though the caseworker received an internally generated report that the client was in a state prison. The "Imprisoned Recipients" report is generated by matching a list of DFS clients to a list of imprisoned individuals. Any matches are then printed out and given to the caseworker. It appears that a better control is to have the report given to the caseworker supervisors and the county directors to ensure a proper follow-up is completed.

- We also noted one case where the Medical Review Team declared the client medically unemployable until June, 1995. The case was first reinvestigated in September, 1997. The client failed to respond to the caseworkers written requests for information to determine eligibility. The case was subsequently closed a few weeks later.
- We noted one case in which the client was stabbed in the wrist in June 1996, which required outpatient surgery only. The client had an appointment set up for May, 1997, but the client failed to appear. The client then had an appointment set up for August, 1997, but we could find no documentation that the client met his appointment. It appears that this client's case should have been reinvestigated after 6 months to determine if the injury was healed, and the client case could have been closed.

The DFS should ensure they follow 13 CSR 40-2.020 which requires reinvestigations each year or sooner if the caseworker believes the case needs to be reviewed more often. It may be possible the DFS has provided cash benefits to clients that may not have been eligible for participation in the General Relief program.

RECOMMENDATION TO FINDING #1

Oversight recommends that DOS - DFS investigate the cases cited above to determine if the cases should be closed and any payments recouped. In addition, the DFS should ensure all General Relief cases are reinvestigated at least annually and more often if appropriate, as required by DFS policy and the Code of State Regulations.

Agency Response to Finding #1

The Department of Social Services - Division of Family Services will investigate the cases as recommended.

FINDING #2:	The General Relief program is not being used as a temporary assistance program.
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Oversight obtained and reviewed a list of clients who received assistance from the General Relief Program (Program) during the months of June, 1995; June, 1996; and June, 1997. The June, 1995 and June, 1996 lists contained over 4,000 client names, and the 1997 list contained over 3,300 client names. Oversight tested forty Program client cases, in which the same client name appeared on each of the test months lists, to determine if the client received the \$80 payments consistently each year. Of the forty client cases tested, thirty-eight Program clients received the payments consistently for each year reviewed. In addition, Oversight compared the three months tested to each other and noted that over 3,000 Program clients that were on the lists of all three months examined.

It appears the General Relief Program is not being used as a temporary assistance program. The Department of Social Services (DOS)-Division of Family Services (DFS) states on budget documents (Form 5) that the objective of the program is to provide temporary assistance to families or individuals. When Oversight asked DFS officials what they considered to be temporary, they responded that temporary has never been defined. They went on to say that the DOS - Medical Review Team determines eligibility and how long they can receive benefits before the case has to be reviewed for continuing eligibility. The first review is performed after three months and then again after 6 months. Oversight found instances where Program client cases were not reviewed for over a year and some as long as three years. As a result, the DFS may be providing state-funded benefits to individuals that are no longer

eligible for participation in the program or are providing benefits to clients that are not trying to become self-sufficient.

We also asked DFS officials to provide us with the goal of the General Relief program. The official stated that the goal was to keep the program in existence. Without meaningful goals and objectives and a way to measure the success in reaching those goals and objectives, the DFS cannot ensure the program is providing a valuable service to their clients and the state taxpayers.

RECOMMENDATION TO FINDING #2

Oversight recommends that DFS should establish reasonable, specific, and measurable goals and objectives for the General Relief Program. The goals should be more specific and oriented toward providing temporary assistance to the clients to allow them to return to the workforce in the minimum amount of time. The DFS should establish time frames, when appropriate, in which the client should be trained or given the appropriate medical care. In addition, the DFS should ensure the General Relief Program is meeting its only current objective, which is to provide short-term assistance, by reviewing cases at least annually and more frequently if necessary. The DFS should ensure cases are closed promptly when the clients no longer need the services provided by the program.

Oversight also recommends the House and Senate Appropriations Committees examine past General Relief expenditures in light of program goals when reviewing future appropriation requests.

Agency Response to Finding #2

The goal of the General Relief program is to provide unemployable individuals with a reasonable subsistence compatible with decency and health. Thus the program provides unemployable persons with a small cash grant and limited medical benefits. While many individuals need assistance only temporarily, some individuals do not meet the criteria for permanent and total disability to qualify for SSI but they continue to meet the unemployability criteria to continue to receive General Relief benefits.

FINDING #3:	Administrative costs related to the General Relief Program appear excessive when compared to another state and to other Department of Social Services - Division of Family Services programs.
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Administrative costs for other assistance programs administered by the Department of Social Services (DOS) - Division of Family Services (DFS) are considerably less than the costs associated with the General Relief Program (Program). The percentage of administrative costs for the program, as calculated from total program costs, was calculated by Oversight to be 25 percent, 24 percent, and 30 percent in fiscal years ended June 30, 1997, 1996, and 1995, respectively. For example, the administration percentage for the Food Stamp program for fiscal year ended June 30, 1997, was 15 percent and the TANF (formerly AFDC) percentage was 10 percent for the fiscal year ended June 30, 1996.

Administrative costs for the General Relief program are not calculated by DOS. Oversight calculated the percentages cited above based on the quarterly applications of the cost allocation plan (CAP). Our basis for calculating the administrative costs for the Program was discussed with officials from DOS - Division of Budget and Finance, and they agreed with Oversight's methods.

Oversight also contacted the Kansas Department of Human Services (KDHS) to compare the administrative cost for their General Assistance program to Missouri's General Relief Program. Based on discussions with officials from the KDHS, the two programs are almost identical in expenditures, eligibility, and funding sources. Officials from KDHS stated that they spend approximately the same amount on the program as Missouri does but only spends approximately 16 percent on administering the program.

The excessive administration costs are an inefficient use of state resources which could be used for administering other DFS programs.

RECOMMENDATION TO FINDING #3

Oversight recommends that DOS - DFS take appropriate action to reduce the total costs to administer the General Relief Program. In addition, the DOS - DFS should evaluate all facets of administering the General Relief Program to

reduce the amount of time each caseworker spends with their respective cases.

Oversight also recommends the House and Senate Appropriations Committees consider a reduction of funding for administration of the program.

Agency Response to Finding #3

Although we agree with the conclusion that the administrative costs of the General Relief program are high when compared to the costs of the assistance payments, we do not concur that the costs are excessive. It should be noted that the costs of the General Relief assistance payments are considerably less than the other assistance programs administered by the department. For example, the average monthly payment to TANF recipients is \$249 per month, whereas the maximum General Relief payment is only \$80 per month. Assuming the time that a caseworker spends for either case is the same, then the average cost of administration for the TANF case would be one-third of the average cost of administration for the General Relief case. We do not agree that the statistic being used is valid, and that the average cost of administration is skewed by the low assistance payments in the General Relief program.

FINDING #4:	Not all General Relief clients were willing to accept medical care or vocational training as a condition of eligibility for receiving state benefits.
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The Department of Social Services (DOS) - Division of Family Services (DFS) Income Maintenance Manual, Chapter II, Section II, page 35, requires the caseworker to close any case where the claimant has failed to keep medical appointments.

During Oversight's review of selected case files, we noted four of seventy (six percent) cases where the client refused to accept medical care or vocational training. We noted one case where the client failed to appear twice for vocational training. We noted another case where the client stated he wasn't willing to accept vocational training or medical care. Another case record revealed a client that failed to appear for a medical appointment in August, 1997. We could not determine if any of these cases were closed

immediately or if the clients continue to receive cash benefits for which they are apparently not eligible to receive.

During our review of the General Relief Program's rules and regulations, we noted that clients are not required to sign a statement which requires them to accept medical care or vocational training. Based on our review of the case files, it appears the DFS does not place a high priority on documenting the client's willingness to accept medical care or vocational training and as a result, may be providing cash benefits to clients that are not eligible for assistance.

Without documenting that each client is willing to accept medical care or vocational training, the DFS is not ensuring each client is eligible for participation in the program.

RECOMMENDATION TO FINDING #4

Oversight recommends that DFS ensure that each General Relief client is willing to accept medical care or vocational training and should require each client to sign a separate form documenting their willingness to accept this aid.

Agency Response to Finding #4

The manual reference referred to refers to keeping medical appointments in order to determine the medical eligibility factor of unemployability. There is currently no requirement that a General Relief recipient must accept vocational training or medical care. The Department will make referrals to vocational rehabilitation but a plan for vocational rehabilitation is on a cooperative basis between the client, the family, vocational rehabilitation, and the caseworker.

FINDING #5:	A General Relief client was receiving federal Supplemental Security Income (SSI) benefits while receiving General Relief payments contrary to state law.
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During Oversight's review of selected case files, we noted one client that was receiving General Relief payments of \$80 per month and SSI payments of \$484 per month. General Relief clients are not eligible to receive federal

Supplemental Security Income (SSI) payments at the same time, as noted in Section 208.015.2 RSMo 1996. We asked the Department of Social Services (DOS) - Division of Family Services (DFS) county office Income Maintenance director to investigate the case. A DFS official from the county office responded that the caseworker failed to take appropriate action until we informed them of the situation, and the case was subsequently closed. It appears the caseworker failed to follow-up on a notice which was sent on April 18, 1997, concerning the SSI payments. The DFS official also indicated that the failure to follow up on the case in a timely fashion resulted in an overpayment of \$480, which was turned over to the DOS Claims and Restitution Service for recoupment.

In addition, regulations noted in the DFS Income Maintenance Manual Chapter II, in Section II, on page 41, require that each General Relief client is to apply for SSI benefits when applying for General Relief benefits. During our visit to a local DFS county office, the county director stated the clients are not automatically asked to apply for SSI benefits. The county director said it was up to each individual caseworker to determine if they think the client would be eligible for the federal benefits. It appears the DFS may be providing state funded benefits to persons eligible for federally funded benefits.

The Division of Family Service's personnel should follow established guidelines and require each General Relief client to apply for federal SSI benefits. This will help ensure the clients receive the maximum amount of assistance available and may reduce the amount of state funded benefits being paid to individuals.

RECOMMENDATION TO FINDING #5

Oversight recommends that DFS ensure that General Relief clients are not receiving SSI benefits at the same time. In addition, the DFS should ensure all DFS personnel follow established guidelines and require each client to apply for SSI when applying for General Relief benefits. The DFS should require documentation from the client that they applied for SSI benefits and this documentation should be retained in the individual case files.

Agency Response to Finding #5

To be eligible for General Relief, a claimant must apply for SSI benefits before his application can be approved if his eligibility is based on incapacity and the incapacity is expected to exist for six months or more. The caseworker is directed to exercise judgment as to whether the applicant's disability is severe enough to merit application for SSI.

FINDING #6: General Relief case files were not located.

Oversight attempted to review a total of 60 General Relief case files from St. Louis and Jackson County and St. Louis City DFS offices. Prior to our field visits, Oversight provided each DFS office with a list of case files to be reviewed. The Jackson County office could not locate one of the files we requested to review and one file from the St. Louis County office contained no Income Maintenance information. Both of these cases are current cases in which the client continues to receive cash benefits. The DFS should maintain adequate documentation to verify the eligibility requirements of the General Relief clients. It appears the case file and the case file information was either lost or misplaced due to the inappropriate handling of the case files in the county offices.

RECOMMENDATION TO FINDING #6

Oversight recommends that DFS ensure all case files are retained and are available for inspection.

Agency Response to Finding #6

The Department's policy requires that a case record be maintained on each applicant.

FINDING #7:	The Department of Social Services - Division of Family Services maintains a record of the number of administrative hearings; however, they do not track the hearing decisions.
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Each General Relief client, who has been denied benefits, has the right to appeal the decision to an administrative hearing board. The board is held in the local county office and is administered by a lawyer from the Department of Social Services (DOS) - Division of Legal Services. The client may be represented by a lawyer, family, friend, or may represent themselves. Any appeal from this board is heard in the local county circuit court.

During our field visits to four DOS - Division of Family Services (DFS) county offices, we noted that although the DFS maintains a record of the number of administrative hearings, they do not maintain a record of the results of the hearings. It does not appear reasonable to maintain a record of the number of appeals without the results of the appeals.

Without tracking the results of the appeals, the DFS cannot determine the reasons why the caseworkers' denial of benefits were either overturned or upheld by the appeals board.

RECOMMENDATION TO FINDING #7

Oversight recommends that DFS track the number of administrative hearing appeals and the results of the hearings to provide useful information to the caseworkers and outside parties. The results of the hearings could be used to determine the reasons why a case was either overturned or upheld by the hearing appeals board. In addition, DFS could use the results of the hearings as a basis to help identify potential changes or revisions in rule and regulations or internal policies.

Response to Finding #7

The Department of Social Services - Division of Family Services (DFS) central office staff review every hearing reversal coming from the Administrative Hearings Unit with DFS. Hearing affirmals would indicate the caseworker made the correct case decision and would not be reasonable to keep a log of. Reversals are maintained at DFS central office for future review, as needed.

FINDING #8:	The Department of Social Services - Division of Family Services has not placed a dollar limit on vehicles each General Relief client may own and remain eligible for benefits.
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Each General Relief client is allowed to own one vehicle, of any value, as stated in 13 Code of State Regulations (CSR) 40-2.020. During Oversight's review of selected case files, we noted one client that owned a vehicle valued at \$11,300. It does not appear reasonable that a client, who is only eligible for the general relief program, would have the resources necessary to maintain this vehicle and provide for basic needs with an \$80 a month cash grant.

The DFS has placed a dollar limit on the value of vehicles clients in the Food Stamp and Temporary Assistance for Needy Families (TANF) program may own. We noted TANF clients owning a vehicle with an equity of \$1,500 or more are ineligible to receive benefits. We also noted that Food Stamp clients owning a licensed vehicle with a fair market value of \$4,650 (effective October 1, 1996) must include some of the value of the vehicle as a resource in determining the amount of food stamp benefits the household will receive.

It appears that General Relief clients may be receiving state-funded cash grants and have resources, i.e., valuable vehicles, that could be used to provide medical care or vocational training.

RECOMMENDATION TO FINDING #8

Oversight recommends that DFS revise their policy and place a value limit on automobiles that each General Relief client may own and still remain eligible to receive assistance.

Agency Response to Finding #8

To require an individual to dispose of their vehicle to become eligible for General Relief would defeat the purpose of the program. Many General Relief recipients are facing short-term disability pending rehabilitation upon which time they will need their vehicle to provide subsistence for themselves and their family.

FINDING #9:	The Department of Social Services did not follow statutory guidance in awarding a contract for an evaluation report of the self-sufficiency and JOBS programs.
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Section 208.325.20 RSMo Supp. 1997, requires the Department of Social Services (DOS) - Division of Family Services (DFS) to competitively select an independent contractor to evaluate the Missouri Families Mutual Responsibility Demonstration Project (MFMRP) and the JOBS program. During Oversight's review of the selection of the contractor for this evaluation, we noted the following concerns were noted:

- A. The contract for the evaluation was not competitively awarded. Instead, the DFS marked the contract as sole source and contracted with the University of Missouri-Columbia, Department of Public Administration (UMC-DPA). When we contacted officials from the Office of Administration-Division of Purchasing, they informed us that they were not aware the statutes required the contract to be competitively bid. The officials stated that they relied on the DOS to inform them if the contract needed to be bid out.

Officials from the DFS stated that they thought the UMC-DPA would be the best vendor for the contract and decided not to place the contract out for bidding. Whether or not the UMC-DPA was the best vendor, the statutes specifically required the contract to be competitively awarded, and the DFS should have followed the state law. In addition to being specifically required by statute, competitive bidding allows all vendors to participate in the state's business and would ensure the DFS received the best and lowest bid for the project.

RECOMMENDATION TO FINDING #9

Oversight recommends DFS ensure that future contracts are competitively awarded when required by statute to ensure the best and lowest bidder was awarded the contract.

Agency Response to Finding #9

The Department of Social Services - Division of Family Services (DFS) awarded the contract for the evaluation of the Missouri Families and Mutual Responsibility Demonstration Project (MFMRP) and the JOBS program to the University of Missouri-Columbia without competitive bidding because of Section 34.046, RSMo. This statute provides that the Commissioner of Administration may contract directly with other governmental entities (such as the University of Missouri). DFS will ensure that all future contracts are awarded in accordance with statutory requirements.

FINDING #10:	The evaluation report of self-sufficiency and JOBS programs was not delivered by the statutory deadline to the Governor and General Assembly, did not contain required recommendations, and exceeded the original cost estimate by 340%.
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Section 208.325.20 RSMo Supp. 1997, requires the Department of Social Services (DOS) - Division of Family Services (DFS) to competitively select an independent contractor to evaluate the Missouri Families Mutual Responsibility Demonstration Project (MFMRP) and the JOBS program. The MFMRP program required participants, which were receiving Aid to Families with Depended Children (AFDC), to sign pacts with the DFS with the goal of becoming self-sufficient within a defined timeframe. The first evaluation was required to be completed and presented to the governor and the general assembly by September 1, 1997. This evaluation was to be repeated every three years. During Oversight's review of this evaluation, we noted the following concerns:

- A. The DFS prepared information for the fiscal note related to Section 208.325 RSMo, 1994, which estimated the cost for the evaluation contract at \$100,000 to be paid in FY 96 and FY 97. Later, the DFS anticipated spending \$500,000 for the evaluation over the life of the project which was increased to 5 consecutive years.

The following table illustrates the anticipated project costs, the actual contract costs as noted on the approved contracts, and the actual expenditures for FY 96 and FY 97:

Anticipated	Actual
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<u>Year</u>	<u>Contract Costs</u>	<u>Contract Costs</u>	<u>Actual Expenditures</u>
FY 96	\$ 98,454.54	\$98,454.54	\$92,656.00
FY 97	149,978.23	158,796.92	145,757.07
FY 98	100,000.00	182,608.50	N/A
FY 99	100,000.00	N/A	N/A
FY 00	<u>51,567.23</u>	<u>N/A</u>	<u>N/A</u>
Totals	\$ <u>500,000.00</u>	\$ <u>439,859.96</u>	\$ <u>238,413.07</u>

It appears, based on the contract costs incurred, the contract costs will exceed DFS's original estimated cost for \$100,000 and the revised estimate for the five year project. The DFS should take appropriate action to keep the contract costs as low as possible.

- B. The evaluation report prepared by the UMC-DPA titled Focus Group Evaluation of Missouri AFDC Recipients, Caseworkers, and Case Managers was reviewed for compliance with Section 208.325.20, RSMo 1994. Oversight compared the report to the requirements described in the statutes and noted the following concerns:

- 1) The statute requires the evaluation to include recommendations as to whether the programs should be continued. The evaluators state the data base is not reliable to support any conclusions as to whether the programs should be continued. The evaluators reported the data base should be ready by March, 1998, and at that time reliable statistics could be presented regarding the impact of the program.

Oversight notes that the legislation requiring this information was passed in 1994 and was effective in August, 1994. The contract between the UMC-DPA and the DFS was not signed until January, 1996. If the contract had been awarded earlier and contained a deadline clause, perhaps the data base would have been available to support a recommendation of whether to continue the programs by the September 1, 1997, deadline.

- 2) The statute requires the evaluation to suggest any improvements needed in the programs. Although the report contained six general conclusions of client opinions, which

were based on the results of the focus group question and answer sessions, the report contained no suggestions for improvement. However, it appears the evaluators found ways the DFS could improve the programs. For example, the evaluators reported 59 percent of the opinions expressed by clients in the self-sufficiency program viewed the program as a way to sanction or to stop benefits. The evaluators reported that 12 percent of the clients they sampled did not know what they signed when they were enrolled in the program. A logical suggestion for improvement in the program would be client education regarding the program goals and objectives.

From reading the report, Oversight also noticed that when questioned the caseworkers and case managers responded they did not get enough information on welfare reform. In fact, 70 percent of the caseworkers believed they did not receive adequate training, and some of training did not help them perform their job duties. It would appear reasonable that suggested improvements would include more relevant training for the caseworkers who are responsible for implementing the program at the client level. It would also appear reasonable that specific training topics should have become apparent after interviewing the caseworkers and case managers.

It appears the report failed to comply with the statutory guidelines that the evaluation was to include suggestions for improvement in the programs.

- 3) The evaluation report from the contractor was not presented to the Governor and the General Assembly on September 1, 1997, as required by statute. Oversight contacted DFS officials and requested a copy of the draft report. It was our understanding that the report was not presented to the Governor or the General Assembly as required by statute. Oversight received a copy of the evaluation report in late December, 1997.

The DFS should ensure all statutorily required reports are presented to the appropriate parties on a timely basis.

- 4) The statute also requires the evaluation to be completed and reported to the Governor and the General Assembly by

September 1, 1997, and every three years thereafter. It appears the DFS has contracted with the UMC-DPA for a period of at least 5 years based on correspondence from the DFS to the UMC-DPA. In addition, the report indicates the UMC-DPA will issue a final report nine months after the end of the six year federal waiver period. We cannot determine the statutory authority for the DFS to contract with the UMC-DPA for performing this evaluation over 5 or 6 consecutive years.

It appears the DFS has not followed the statutory intent of reporting on the program once every three years but instead contracted with the UMC-DPA to evaluate the program on an ongoing basis.

- C. The evaluation was performed, in part, by the evaluators talking to focus groups of clients enrolled in the self-sufficiency pacts and focus groups of clients not in the pacts (the control group). The evaluators asked the clients questions relating to the program. During Oversight's review of the evaluation report, the following concerns were noted:
- 1) The evaluators used focus groups from Greene, Jackson, and Boone Counties but did not use focus groups from either the City of St. Louis or St. Louis County. According to the October, 1997, "Management Evaluation Report", prepared by the Department of Social Services-Research and Evaluation Unit, the number of AFDC clients in Greene, Jackson, and Boone Counties were 4,082; 23,071; and 2,900; respectively. The number of AFDC clients in St. Louis City for the same month was 49,095 and the number in St. Louis County was 24,468. The same management report indicated the state had 175,709 clients receiving AFDC benefits in October, 1997. It does not appear reasonable to exclude 42 percent of the AFDC population from any statistical analysis. The report does not explain the rationale for selecting the focus group sites nor how they selected the number of clients to include in the focus groups.
 - 2) The evaluation report included tables listing the questions the evaluators asked the clients and the client responses. The tables reported the number of responses obtained for each question posed to the client focus groups. These responses

were then tabulated and used as the basis for the report.

Oversight noted on five of the questions the evaluators included a note which read "More respondents expressed agreement, but unable to identify them because they all talked at once." This comment appears out of place in a professionally prepared report which was intended to be used by the legislature to decide if a multi-million dollar program should be continued or terminated.

RECOMMENDATION TO FINDING #10

Oversight recommends DFS present the evaluation report to the Governor and legislature as required by statute. The DFS should ensure that future reports are presented when due. In addition, the DFS should ensure evaluation reports include all necessary and required information to ensure the reports are beneficial and meaningful to the legislature and departmental staff.

Oversight also recommends the House and Senate Appropriations Committees examine the product received as a result of this \$439,000 expenditure in order to evaluate future appropriations for this purpose.

Agency Response to Finding #10

The Department of Social Services - Division of Family Services (DFS) will ensure that future reports are presented to the appropriate parties when due and that the reports contain all required information. Due to the added complexity of federal welfare reform legislation and implementing both state and federal initiatives, the Department has chosen to wait for quantitative results that show outcomes rather than a report that shows nothing and is incomplete. It is more important to note that fiscal notes are only estimates and anticipated. There may be factors that allow for variation. A full report is expected.

FINDING #II: Documentation in case files for child care development block grant recipients was not adequate in all cases reviewed.

Oversight requested sixty case files of recipients of Child Care and Development Block Grant (CCDBG) funds. A total of twenty-two case files could not be located by Department of Social Services (DOS). Oversight provided additional case files to be selected when DOS indicated certain files could not be located. The case files were apparently lost or misplaced due to inappropriate handling of files. Of the fifty-one files reviewed, seven did not contain complete payment information. One file reviewed showed no evidence of authorization after November, 1995; however, payments were made for the time period June, 1996 through August, 1996. One file reviewed indicated payment was made for a child for two months of daycare following his 13th birthday, with no evidence of the child being considered "special needs." DOS apparently does not ensure necessary documentation is maintained in all case files. DOS should maintain documentation that is adequate to verify the eligibility of recipients of block grant funds in accordance with federal and state regulations. The eligibility of CCDBG recipients and subsequent appropriateness of payments cannot be verified if documentation is not available.

RECOMMENDATION TO FINDING #II

Oversight recommends that the Department of Social Services ensure that adequate documentation exists to verify the eligibility of and payments to block grant recipients.

Agency Response to Finding #II

The Department of Social Services will ensure that adequate documentation exists to verify the eligibility and payments to block grant recipients.

FINDING #12:	The Department of Social Services does not verify the licensed or license-exempt status of providers located in other states who receive Child Care and Development Block Grant payments through the state of Missouri.
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The Department of Social Services (DOS) relies on representations made in the child care providers' (providers) registration forms submitted to DOS wherein the providers indicate that they are either licensed by the state in which their facility is located or exempt from such licensure. DOS does not perform any additional follow-up, i.e., contact with those states to verify the accuracy of these representations is made by DOS staff. Oversight reviewed all child care payments for the three years ending June 30, 1997, and sixty-seven vendors with out-of-state addresses that received payments. Oversight noted payments to vendors with Texas, Oregon, and Florida addresses. DOS rules and regulations (45 CFR Part 98) require providers receiving grant assistance to comply with any licensing or regulatory requirements under state, local and tribal law. Oversight was unable to determine if these providers were in compliance with their state's licensing requirements, and therefore eligible to receive assistance under the CCDBG.

RECOMMENDATION TO FINDING #12

Oversight recommends that Department of Social Services caseworkers administering those cases where the providers are located outside of Missouri verify with the states of residence that the providers are either licensed or exempt from licensing requirements of their state. Because the total number of out-of-state providers is limited, the amount of time required to accomplish this by staff would be minimal. Verification could be accomplished either by a documented telephone call or through a short form letter asking the other states to simply sign and return to verify compliance.

Agency Response to Finding #12

The Department requires documentation of the out of state provider's compliance with their home state's child care operating policies. The Department requires compliance with Missouri registration requirements in order to receive Missouri CCDBG funding. The Department will review the process of registering out of state providers with staff.

FINDING #13:	Child Care and Development Block Grant resource and referral grant files did not contain evidence that grantees had provided their required 25% match.
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Resource and referral grant recipients are each receiving between \$22,000 and \$55,000 annually and are receiving these funds based on their listing of expenses. They are providing no documentation to verify actual expenses, nor documentation to verify that they contribute funds from other sources.

The Department of Health's (DOH's) request for proposal provides that grant recipients must provide a local match amount of at least 25% in order to be eligible for grant funds.

Resource and referral grant recipients provide DOH with a written list of their expenses on a monthly basis, and DOH reimburses them for 75% of their expenses. Contracts are awarded to each of the service areas in amounts ranging from \$22,000 to \$55,000 per year. DOH does not require any documentation or verification on the 25% local match. Oversight staff also observed a memorandum from the grant coordinator which documented that many of these recipients are delinquent in providing the requested information relating to the numbers of referrals made, etc.

Without controls in place, it would be possible for recipients of resource and referral grant funds to receive their money without providing adequate local matching of funds.

This condition was reported in Oversight's 1996 program audit of the DOH's child care facility licensing function. Oversight noted during the evaluation that beginning in 11/97, the DOH has contracted with an outside firm to conduct reviews of grantees' matching requirements.

RECOMMENDATION TO FINDING #13

Oversight recommends that DOH implement procedures to verify the 25% local match. There are only seven recipients of the resource and referral grants; therefore, DOH should consider visiting the facilities at least one time per year to review their receipts and local match funds.

Agency Response to Finding #13

The Department of Health had the following response in Oversight's 1996 program audit of the DOH's child care facility licensing function:

The Resource and Referral grantees will receive an on-site visit during FFY 1997 from the audit firm which currently conducts reviews of the Child and Adult Care Food Program in order to review receipts/local match fund documentation. Monitoring visits to each grantee were made in October of 1994 and monitoring forms were completed following review of their receipts and program files.

FINDING #14:	Child Care and Development Block Grant enhancement grant files maintained by the Department of Health did not contain evidence of physical inspection of items purchased with grant funds.
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Department of Health (DOH) should verify that the merchandise purchased with grant funds is actually present in the day care facilities. Although DOH has a verification process in place, they need to take measures to ensure that the procedures are followed and the merchandise is present.

The block grant coordinator sends a list of the items funded by the grant to the provider's licensing representative and requests the licensing representative to confirm that the items are on site.

In the sample size chosen, the verification form utilized by DOH for this process was returned to the block grant coordinator in the central office in only 30% of the files. In our conversations with the child care representatives, we determined that many child care representatives do not understand that they are supposed to verify the presence of the merchandise and return the form. There has apparently been very little discussion regarding this practice and no one seems to realize the importance of this verification. DOH does not have a system in place to track the verification forms or to ensure compliance. Without controls in place, it would be possible for day care providers to purchase merchandise with grant funds and then return the merchandise for a cash refund or give it away as a gift.

This condition was reported in Oversight's 1996 program audit of the DOH's child care facility licensing function.

RECOMMENDATION TO FINDING #14

DOH should instruct field staff regarding their existing procedures for verification that items purchased with grant funds are on-site at the child care facilities.

Agency Response to Finding #14

The Department of Health had the following response in Oversight's 1996 program audit of the DOH's child care facility licensing function:

Child Care Licensing supervisory staff have been verbally instructed in staff meetings regarding the monitoring of grant purchases by child care providers. Through discussion with Oversight during the program audit, it was determined that written communication with each Licensing Representative should be the course of action, beginning with the grants to be issued in January 1997. Written procedures for Child Care Licensing Representatives will be developed for monitoring Enhancement Grant purchases at the time of licensing inspections.

FINDING #15:	The annual Post-Expenditure Report prepared by the Department of Social Services does not include all information as required by the Federal Code of Regulations.
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The annual Post-Expenditure Report prepared by the Department of Social Services for the Social Services Block Grant (SSBG) as required by 45 CFR 96.74 does not include all of the required information. The federal regulation require each state to submit an annual report to the Secretary of the Department of Health and Human Services which includes the following information:

- (1) The number of individuals who receive services paid for in whole or in part with federal funds under the SSBG, showing separately the number of children and the number of adults who received such services;

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- (2) The amount of SSBG funds spent in providing each service, showing separately for each service the average amount spent per child recipient and per adult recipient;
- (3) The total amount of federal, state, and local funds spent in providing each service, including SSBG funds;
- (4) The method(s) by which each service is provided, showing separately the services provided by public agencies, private agencies, or both; and
- (5) The criteria applied in determining eligibility for each service such as income eligibility guidelines, sliding fee scales, the effect of public assistance benefits, and any requirements for enrollment in school or training programs.

Accurate and complete information should be available from the Department of Social Services that would allow the Secretary of the federal Department of Health and Human Services to accurately monitor how SSBG funds are spent in Missouri.

Based on Oversight's review of the annual post-expenditure reports submitted by the Department of Social Services, it appears these reports do not include much of the required information. Among the information not included is the total amount of federal, state, and local funds spent in providing each service, the average amount spent per child and adult recipient for each service, the method(s) by which each service is provided (public versus private agencies), and the criteria applied in determining eligibility for each service. Because the reports submitted to the Secretary of the Department of Health and Human Services (HHS) do not include all of the required information, HHS may not have the information necessary to properly monitor the state's handling of the Social Services Block Grant.

RECOMMENDATION TO FINDING #15

Oversight recommends that the Department of Social Services submit annual reports to the Secretary of the Department of Health and Human Services that includes all of the information required by 45 CFR 96.74. Oversight also recommends the reports be submitted to House and Senate Appropriation Committees and any other pertinent legislator or legislative committee for informational purposes.

Agency Response to Finding #15

The Department agrees that the annual reports to the Secretary of Health and Human Services (HHS) should contain the information required in regulation. However, HHS has not requested information to supplement the reports that are submitted to them. We also concur that the reports should be sent to the House and Senate. We have been sending copies of the reports to the Legislative Librarian, the Chief Clerk of the House Administrative staff, and the Secretary of the Senate Administrative staff.

